GOVERNMENT OF INDIA
RAILWAYS
LOK SABHA

UNSTARRED QUESTION NO:3018
ANSWERED ON:18.12.2008
PUBLIC-PRIVATE PARTICIPATION IN RAILWAY PROJECTS
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Will the Minister of RAILWAYS be pleased to state:

(a) the achievements and lessons drawn from the public-private participation projects implemented in different areas of Railway operations;

(b) the details of the new measures of rates of return and its implications related to retail hubs and modernization plans for the Railways;

(c) whether the Railways propose to encourage private sector to join hands with the Railways in public- private participation mode on projects specific ventures and exit joint ventures after getting adequate returns on investment; and

(d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF RAILWAYS (DR. R. VELU)

(a): Ministry of Railways have identified the following areas for partnership with private sector.

Operation of rail-borne container services by private entities, which includes investment in rolling stock and terminal facilities and marketing of the services.

Leasing of full parcel vans and luggage space to private parties.

Catering services, budget hotels and food plazas at major stations through involvement of private entrepreneurs by IRCTC.

Modernization of identified stations into world-class stations.

Manufacturing units for modern coaches, locos and other rail equipments.

Setting up of multi-modal Logistics Parks.

Port connectivity and other rail infrastructure development through participation of strategic partners in project-specific Special Purpose Vehicles. The achievements so far include the following:

In addition to CONCOR, 15 Container Train Operators have obtained licenses for running private container trains during the last two years. Several port connectivity projects such as Gandhidham − Palanpur (301 Kilometers) Gauge Conversion, Hassan- Mangalore (189 Kilometers) Gauge Conversion, Haridaspur- Paradeep (82 Kilometers) New Line, Obulavaripalle − Krishnapatnam (113 Kilometers) New Line and Bharuch-Dahej (62.36 Kilometers) Gauge Conversion etc. have been commissioned/taken up in partnership with strategic partners.

Work on awarding concessions for redevelopment of New Delhi Station into a world class station has been initiated. Besides New Delhi, 25 other stations have been identified for development as world class stations. The process of selection of partners to set up diesel locomotive factory, electric locomotive factory and rail coach factory at Marowra, Madhepura and Rai Bareilly respectively has been initiated. More than 100 sites have been entrusted to Rail Land Development Authority for commercial utilisation of surplus land available with the railways.

(b): Each project is different and no specific rates of return have been stipulated for Public Private Partnership projects.

(c): In general the Government's policy is to grant license/concession for a limited period and repossess the assets after the specified concession period.

(d): For Port Connectivity projects undertaken through Rail Vikas Nigam Ltd., the concession period is limited to 25-30 years of payback of equity invested at a specified rate of discount whichever happens earlier. For container operation, the license period is for 20 years, renewable for another five years.